

Message Text

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PAGE 01 TAIPEI 06298 160939Z

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C O N F I D E N T I A L TAIPEI 6298

EXDIS

E.O. 11652: GDS
TAGS: PFOR, MNUC, TW
SUBJECT: ROC'S NUCLEAR INTENTIONS

REF: TAIPEI 6272

1. FOLLOWING IS INFORMAL EMBASSY TRANSLATION OF DOCUMENT WHICH PREMIER CHIANG CHING-KUO GAVE TO AMBASSADOR DURING MEETING SEPT. 14. THE PREMIER HAD CHARACTERIZED THE INFORMATION CONTAINED IN THIS DOCUMENT AS PROVIDING AN "EXPLANATION" OF THE RUMORS CIRCULATING ABOUT ROC NUCLEAR ACTIVITIES:

"WASHINGTON POST REPORTED IN EARLY SEPT. THAT THE USG OBTAINED INFORMATION ON TAIWAN CONDUCTING RESEARCH AND DEVELOPMENT WORK ON NUCLEAR WEAPONRY.

"SOURCE AND SITUATION LEADING TO THE ABOVE INFORMATION WERE AS FOLLOWS:

"AUSTRALIAN GOVERNMENT HAS PLANNED FOR LARGE-SCALE EXCAVATION OF ITS RICH URANIUM ORES. PRIOR TO A FINAL DECISION FOR A GO-AHEAD, A SURVEY WAS CONDUCTED ON ENVIRONMENTAL POLLUTION AND RELATED PROBLEMS. OPPOSING THE AUSTRALIAN GOVERNMENT'S POLICY OF EXCAVATING AND EXPORTING URANIUM ORE, AN ENVIRONMENTAL PROTECTION ORGANIZATION NAMED "FRIEND OF EARTH" STOLE SECRET DOCUMENT REVEALING THE FORMATION OF A "CARTEL" BY INTERNATIONAL URANIUM ORE DEALING GROUPS FOR CONTROLLING THE MARKET AND URANIUM PRICE FROM THE FILES OF MARY KATHLEAN URANIUM
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TAIPEI 06298 160939Z

COMPANY. THIS DOCUMENT WAS HANDED TO THE COMMITTEE RESPONSIBLE

FOR THE SURVEY. HOWEVER, IT WAS DEEMED THAT THE DOCUMENT WAS NOT RELATED TO THE ORIGINAL PURPOSE OF THE SURVEY. LATER, PHOTOCOPY OF THAT DOCUMENT GAINED ITS WAY TO THE JUSTIC DEPT OF THE USA, AND U.S. CONGRESS INVESTIGATION COMMITTEE ON MULTI-NATIONAL CORPORATIONS (CHAIRD BY THE NOTED SENATOR CHURCH, AND IT WAS THIS COMMITTEE THAT REVEALED THE LOCKHEED SCANDAL) ALSO STARTED AN INVESTIGATION ON THE MATTER. THE MAINPOINT OF THE U.S. CONCERN WAS TO OPPOSE THE MANIPULATION OF URANIUM ORE, FOR THE U.S. ALREADY HAS SOME 50 NUCLEAR POWER STATIONS VGBEMAEANS TO INCREASE BY 200 MORE WITHIN THE NEXT 5 YEARS, WHEREAS URANIUM PRICE HAS INCREASED FROM US\$6 PER POUND IN 1972 TO US\$30-40 AT THE PRESENT TIME. THEREFORE, THE U.S. OPPOSED THE EXISTENCE OF THE CARTEL.

"HOWEVER, THE FIVE COMPANIES THAT JOINED THE CARTEL ARE FROM CANADA, FRANCE, SOUTH AFRICA, AUSTRALIA, AND ENGLAND. (THE U.K. OWNED URANIUM MINES IN SOUTH AFRICA AND AUSTRALIA, MKU IS ONE OF SUCH FIRMS OWNED BY U.K.) WITHOUT PARTICIPATION BY U.S. FIRMS, THE U.S. CANNOT TAKE ANY ACTION TO STOP THE ACTIVITIES OF THE CARTEL.

"IN THE STOLEN DOCUMENT, THERE WAS THE MENTIONING OF A CONFERENCE OF THE CARTEL, DURING WHICH AN AGREEMENT WAS REACHED THAT AUSTRALIA AND SOUTH AFRICA WERE TO COMPILE A METHOD FOR NEGOTIATING THE SELLING PRICE WITH TAIWAN.

"IMMEDIATELY THEREUPON, THE CHURCH COMMITTEE ANNOUNCED THE FOLLOWING OPINIONS IN THE FORM OF AN UNATTRIBUTED 'BACKGROUND ANALYSIS':

"1. S. AFRICA HAS LONG INTENDED TO DEVELOP AN INDEPENDENT NUCLEAR CAPABILITY. SINCE RECENTLY, IT HAS BEEN GOING ALL OUT IN SPEEDING UP ACTIONS.

"2. WITH ASSISTANCE FROM ISRAEL AND IRAN, S. AFRICA RECENTLY CONDUCTED A SECRET NUCLEAR TEST.

"3. THIS TREND, WHICH TAIWAN, S. AFRICA, ISRAEL AND IRAN ARE GETTING CLOSER TO SUCCESSFUL DEVELOPMENT OF NUCLEAR WEAPONS, IS ALARMING.
CONFIDENTIAL

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PAGE 03 TAIPEI 06298 160939Z

"4. THE U.S., AS THE PRINCIPAL SUPPLIER OF IT SNUCLEAR FUEL AND NUCLEAR REACTOR TECHNOLOGY, ALL ALONG INSISTS THAT TAIWAN USE THEM ONLY FOR PEACEFUL PURPOSES. THE URANIUM CARTEL, ON THE OTHER HAND, LOOKS ONLY AT PROFIT AND SURELY IT WILL NOT IMPOSE SUCH RESTRICTIVE CONDITIONS.

"COMMENTS:

"1. U.S. WANTS TO OPPOSE URANIUM PRICE MANIPULATION BY THE INTERNATIONAL CARTEL, BUT DOES NOT KNOW WHERE TO BEGIN.

"2. IT IS PLAYING UP THE INTERNATIONAL CARTEL'S ATOMIC WEAPONS DEVELOPMENT ASSISTANCE TO ROC, S. AFRICA, IRAN AND ISRAEL IN AN ATTEMPT TO START INTERNATIONAL PRESSURE TACTICS.

"3. IT WANTS TO FORCE THE CARTEL TO YIELD TO THE INTERNATIONAL PRESSURE, DISSOLVING ITSELF OR BECOMING DIVIDED AND BROKEN UP."

2. COMMENT: DOCUMENT OBVIOUSLY FALLS FAR SHORT OF PROVIDING AN "EXPLANATION" OF SO-CALLED RUMORS ABOUT ROC'S NUCLEAR ACTIVITIES. PRESS STORIES WE HAVE SEEN REGARDING URANIUM CARTEL, HOWEVER, DID NOT MENTION TAIWAN. IN ANY EVENT, WE INTEND TO LET PREMIER KNOW (THROUGH HIS AIDE, JAMES SOONG) THAT, ALTHOUGH WE ARE UNAWARE OF WHAT MAY LIE BEHIND THE REPORT, WE DO NOT FIND IT GERMANE TO THE QUESTION UNDER DISCUSSION IN OUR MEETING SEPTEMBER 14.
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